

Proposed amendments to the Statutes of the Company KGHM Polska Miedź S.A. to be discussed at the Ordinary General Meeting convened for 21 June 2017

In § 4 sec.1 of the Statutes:

Current wording:

„1. The Company shall operate on the basis of the Commercial Partnerships and Companies Code and the law dated 30 August 1996 on commercialization and privatisation (unified text: Journal of Laws from 2002 No. 171 item 1397, with later amendments), hereinafter referred to as the Act, as well as on other applicable regulations”.

Is given the following wording:

„1. The Company shall operate on the basis of the Commercial Partnerships and Companies Code and the Act of 30 August 1996 on commercialisation and certain employee entitlements, hereafter referred to as the Act, as well as on other applicable regulations.”

In § 12 sec. 3 of the Statutes:

Current wording:

„3. The Supervisory Board appoints and recalls the President of the Management Board, and at his request shall appoint and recall the remaining members of the Management Board, including those persons serving in the capacity of First Vice President and Vice Presidents of the Management Board, with due regard being given to section 5 and sections 7 to 12, concerning the appointment or recall of an employee-elected member of the Management Board.”

Is given the following wording:

„3. The Supervisory Board appoints and recalls the President of the Management Board and the Vice Presidents. The Supervisory Board appoints the members of the Management Board following the conduct of qualification proceedings, the goal of which is to review and evaluate the qualifications of candidates and to select the best candidate for Member of the Management Board, with due regard being given to sec. 5 and sections 7 to 12 concerning the appointment or recall of an employee-elected member of the Management Board.

- 1) The Supervisory Board shall conduct qualification proceedings if circumstances arise which justify the appointment of a Member of the Management Board.
- 2) The Supervisory Board, in commencing qualification proceedings for the position of Member of the Management Board, shall determine, by the adoption of a resolution, the detailed principles and manner of these proceedings, including in particular: the position being the subject of the proceedings, the time and place for accepting offers, the time and place for conducting qualification interviews, the

scope of subjects to be covered during the qualification interviews and the requirements and manner of evaluation of the candidate.

- 3) The candidate for the position of Member of the Management Board should meet the requirements referred to in sections 4 and 4¹
- 4) The announcement on the qualification proceedings shall be published on the Company's website and in the Public Information Bulletin of the Ministry of Energy.
- 5) The date for accepting offers may not be shorter than 14 days from the date of publication of the announcement on the qualification proceedings.
- 6) The Supervisory Board shall announce the results of the qualification proceedings to its shareholders and will make the minutes of the qualification proceedings available."

In § 12 sec. 4 of the Statutes:

Section 4 is added, with the following wording:

„4. A candidate for the position of member of the Management Board of the Company may be a person who meets all of the following criteria:

- 1) has completed higher education or higher education completed abroad which is recognised by the Republic of Poland, on the basis of separate regulations,
- 2) has worked for at least 5 years based on an employment contract, appointment, postings, election, cooperative employment contract, or has provided services based on another contract or was self-employed,
- 3) has at least 3 years of experience as a manager or on an independent position, or experience resulting from being self-employed,
- 4) meets requirements other than those referred to in points 1) - 3), based on individual laws, and in particular does not infringe on the restrictions or prohibitions associated with holding a position as a member of a management body in commercial companies."

In § 12 of the Statutes sec. 4¹ is added with the following wording:

„4¹. A candidate for the position of member of the Management Board of the Company may not be a person who:

- 1) acts as a social partner or is employed in the office of a member of parliament, senator, MP-senator or in the office of a member of the European Parliament based on an employment contract or is employed based on a contract or mandate of a similar character,
- 2) belongs to the body of a political party representing the political party externally and empowered to enter into commitments,
- 3) is employed by a political party based on an employment contract or is employed based on a contract or mandate of a similar character,
- 4) was elected to a position in a trade union or in a trade union in a Group company,
- 5) whose social or employment activities generate a conflict of interest with respect to the company's activities."

In § 20 sec. 2 point 9) of the Statutes:

Current wording:

„9) establishing the compensation of members of the Management Board, as well as the conditions of other agreements or contracts concluded with them”

Is given the following wording :

„9) setting the remuneration of members of the Management Board and other conditions of management services contracts, based on principles for setting the remuneration of Members of the Management Board adopted by the General Meeting, with due regard to the Act of 9 June 2016 on the terms of setting the remuneration of individuals managing certain companies (Journal of Laws of 2016, item 1202 with subsequent amendments),”

In § 20 sec. 2 in point 15) of the Statutes, the full stop is replaced by a comma and points 16)-20) are added with the following wording:

„16) determining the manner of voting by a representative of KGHM Polska Miedź S.A. at the General Meetings of companies in respect of which the Company is a parent entity pursuant to art. 4 point 3 of the Act of 16 February 2007 on competition and consumer protection (Journal of Laws from 2017 item 229), regarding:

- a) the founding by a company of another company,
- b) amendments in the statutes or articles of association and in the subject of a company's activities,
- c) the merger, transformation, splitting, dissolution and liquidation of a company,
- d) increasing or decreasing a company's share capital,
- e) the disposal and lease of an enterprise or of an organised part thereof, as well as the attachment of limited property rights to same,
- f) the retirement of shares,
- g) setting the remuneration of members of the management boards and supervisory boards,
- h) decisions relating to claims for redress of damage suffered during the founding of the company, or from management or supervisory activities,
- i) regarding issues referred to in art. 17 of the Act of 16 December 2016 on the principles of state assets management (Journal of Laws from 2016 item 2259), with due regard to § 34 sec. 4.

17) providing an opinion on the report prepared by the Management Board on representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management,

18) providing an opinion on the principles regulating sponsoring activities and evaluating the effectiveness of the Company's sponsoring activities,

19) providing an opinion on changes in the principles of disposing of non-current assets, referred to in § 33¹, and

20) approving the Group's remuneration policy.”

In § 20, sec. 3 is added with the following wording:

„3. The duties of the Supervisory Board also include granting consent to the Management Board for the following:

- 1) agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management, if the total expected remuneration for providing such services exceeds the net amount of PLN 500 000 per year;
- 2) changes in agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management which increase the amount of remuneration above the amount referred to in point 1;
- 3) agreements for legal services, marketing services, public relations services and social communication services, and advisory services associated with management, in which the maximum amount of remuneration is not determined.
- 4) donations or other agreements with similar implications, with a value exceeding PLN 20 000 or 0.1% of total assets pursuant to the Act of 29 September 1994 on accounting, determined based on the most recently approved financial statements.
- 5) discharge of debt or other agreements with similar implications with a value exceeding PLN 50 000 or 0.1% of total assets pursuant to the Act of 29 September 1994 on accounting, determined based on the most recently approved financial statements.”

In § 29 sec. 1 point 14), the full stop is replaced by a comma and point 15 is added with the following wording:

„15) setting the principles of remuneration of Members of the Management Board.”

In § 29 sec. 3, after words „point 14” the following words are added: „and point 15”

§ 33¹ is added with the following wording:

- „1. The disposal by the Company of non-current assets, as defined in the Act of 29 September 1994 on accounting, with a value exceeding 0.1% of total assets, determined based on the most recently approved financial statements, shall be carried out by way of a tender, unless the value of the assets disposed of does not exceed PLN 20 000.
2. The Company may dispose of non-current assets without carrying out a tender, if:

- 1) the subject of the agreement are shares or other non-current financial assets or licenses, patents or other industrial copyrights or know-how, if a resolution of the Supervisory Board sets the conditions and the terms of sale other than by a public tender,
 - 2) disposal is made as part of liquidation proceedings, on terms set by a resolution of the General Meeting with due regard to individual provisions,
 - 3) the subject of the disposal is housing owned by the company, and sale is made for a price not lower than 50 % of its market value, to a tenant or to a person closely related to and permanently cohabiting with said tenant pursuant to art. 4 point 13 of the Act of 21 August 1997 on property management; the price shall be set with due regard to the fact that the subject of the sale is occupied housing; the value of improvements carried out by the tenant shall be counted against the price of the housing,
 - 4) in other justified instances, at the request of the Management Board, for the price and on terms set by a resolution of the Supervisory Board,
 - 5) disposal is made to subsidiaries,
 - 6) the subject of the disposal are rights to the emission of CO₂ and their equivalents.
3. Non-current assets shall be disposed of using the following procedure:
- 1) An announcement of a tender shall be placed in the Public Information Bulletin on the official website of the Minister of Energy, on the website of the Company, in a visible, publically-available place at the Company's head office and in other places which are customarily used for such announcements.
 - 2) The tender may be held no sooner than 14 days from the date the tender is announced.
 - 3) The following may not participate as bidders:
 - a) Members of the Company's Management Board and Supervisory Board,
 - b) the business entity conducting the tender and Members of its Management Board and Supervisory Board,
 - c) persons responsible for handling the tender process,
 - d) spouses, children, parents and siblings of the persons mentioned in points a)-c),
 - e) persons who are in such a legal or factual relationship with the person conducting the tender, that legitimate doubts could be raised as to the impartiality of the person conducting the tender.
 - 4) A condition for participating in the tender shall be a security deposit of at least 5% of the asking price of the non-current assets being sold. The rules referred to in sec. 8 may call for a higher security deposit.

- 5) Prior to the tender the Company shall set an asking price which may not be lower than the market value set by experts; if this value cannot be determined, the price may not be lower than the net carrying amount.
- 6) The Company may refrain from estimating the value of the non-current assets by the expert if:
 - a) the cost of the estimation clearly exceeds the asset's market value,
 - b) the non-current asset has a set market price.
- 7) The tender shall be carried out by:
 - a) an oral tender,
 - b) a written tender.
- 8) The rules setting forth the principles and manner of conducting the tender, the wording of the announcement of the tender, the form of the tender and the conditions of the tender shall be set by the Company.
- 9) The organisers of the tender retain the right to terminate the tender without selecting any of the bids, without providing reasons thereto.
- 10) The tender shall be won by the bidder offering the highest price."

In § 34 sections 3 and 4 are added with the following wording:

„3. At least once per year the Management Board shall submit to the General Meeting, together with the opinion of the Supervisory Board, a report on representation expenses, expenses incurred on legal services, marketing services, public relations services and social communication services, and advisory services associated with management.

4. The Management Board is obligated to implement in those companies in which the Company is the parent entity, pursuant to art. 4 point 3 of the Act of 16 February 2007 on competition and consumer protection, in connection with art. 17 sec. 7, art. 18 sec. 2, art. 20 and art. 23 of the Act on the principles of state assets management, the principles set forth in the Act on the principles of state assets management."

Legal basis: § 38 sec. 1 point 2 of the Decree of the Minister of Finance dated 19 February 2009 regarding current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (unified text: Journal of Laws 2014.133 with subsequent amendments)

Translation from the original Polish version.

In the event of differences resulting from the translation, reference should be made to the official Polish version.